FAS MANUAL

OVERVIEW OF FAS

INTRODUCTION

In this document
- ✓ FAS Overview
- ✓ Asset Classes
- ✓ Depreciation Methods
- ✓ Process Overview
- ✓ Types of Information in FAS
- ✓ Transaction Overview
- ✓ Security Controls

FAS OVERVIEW

Capital assets represent one of the largest assets of the State of Idaho. The state uses the Fixed Asset System (FAS) to control and account for capital assets. Capital assets are tangible assets acquired through purchase, donation, gift, capital lease, construction, trade-in, or transfer. The asset must be of significant value and of use to the State of Idaho for two or more years.

Assets are capitalized and reported on if they meet that definition and have an acquisition cost or fair value equal to or greater than the reporting entity's capitalization threshold. Assets with a value equal to or greater than $5,000 are capitalized by the State of Idaho and are referred to as statewide capitalized assets. Statewide capitalized assets are recorded in the STARS general ledger accounts for reporting in the Comprehensive Annual Financial Report (CAFR).

Assets purchased with a governmental fund will post to the STARS general ledgers using fund 0700 (capital assets fund).

Assets purchased with a proprietary fund will post to the STARS general ledgers using that fund.

All assets with a value equal to or greater than $2,000 are inventoried by the State of Idaho. Agencies have the option to track assets in FAS that are valued lower than the statewide minimum of $2,000.

BENEFITS OF USING A FIXED ASSET SYSTEM

Some of the benefits of using a fixed asset system are:

- **Financial Reporting** - The Comprehensive Annual Financial Report (CAFR) uses fixed asset information extensively to report on the operations (for proprietary fund types) and the current state of the government. This information is then used by the public and potential underwriters for analysis. FAS maintains financial and descriptive information that is used to respond to requests from legislators for asset information, such as how much land or how many buildings the state owns.

- **Capital Budgeting -** Fixed asset purchases can, to some extent, be planned using fixed asset information such as useful life.

- **Cost Recovery -** Cost recovery, either direct or indirect, can be recovered from federal granting agencies based on applicable asset usage.

- **Program/Service Analysis** - Without applying some form of allocation of the cost of fixed assets, it is unlikely that an accurate total cost of performing a service can be calculated.

INTEGRATION WITH STARS

FAS works with the Statewide Accounting and Reporting System (STARS) in two ways:

- Fixed asset transactions that are posted in STARS create a record, identified by a property number, in the FAS Hold File. Each generated record is reviewed and is added to FAS if appropriate.

- Transactions generated in FAS to record asset activity are sent to STARS to update general ledger accounts for statewide capitalized assets when applicable.

ASSET CLASSES

Fixed assets are divided into the following asset classes:

- **Land** - Land should include the cost of the land and the cost of preparing the land for its intended use.

- **Buildings** - Buildings should include the cost of the building and any related ancillary charges such as title, legal, and architectural fees.

- **Improvements Other than Buildings** - This account includes costs associated with permanent improvements that add value to land, such as fences and retaining walls. Leasehold improvements are also reported in this account.

- **Equipment** - Equipment represents assets that are durable and complete by themselves (not readily identifiable as a component of a building). Equipment should include the cost of the equipment, as well as any necessary ancillary charges such as freight.

- **Work in Process (Construction in Progress)** - Work in Process is used to account for assets that are in the process of being constructed by the government. The character of the asset is generally a building. This account should reflect all direct material and labor costs, as well as certain overhead and interest costs.

- **Infrastructure** – Examples of infrastructure assets include immovable fixed assets and of value only to the governmental unit. Examples of such assets are roads, bridges, tunnels, drainage systems, dams, and lighting systems.

DEPRECIATION METHODS

FAS calculates straight-line depreciation for statewide use in CAFR reporting. It also has the capability if using a different depreciation method for agency use in internal reporting.

Agency depreciation can be calculated for assets that are valued at any amount above the $2,000 statewide inventory minimum amount and it does not post to the depreciation general ledgers in STARS.

Statewide depreciation is calculated on assets with a value equal to or greater than $5,000 and it will post to the depreciation general ledgers in STARS.

PROCESS OVERVIEW

FAS operates similar to STARS in that it uses transaction codes, has online table-driven inquiries, interrupt functions, etc. FAS processes transactions in both batch mode and online mode. Typically, transactions that are entered directly into FAS are posted online, in real time.

System-generated transactions in FAS will process following the normal STARS batch processing.

Certain expenditure transactions and receipts from sales of property in STARS are automatically extracted and placed in the FAS Hold File for additional agency action. The agency selects the asset in the FAS Hold File and then posts the asset in FAS through manual data entry of detailed information. The detailed information includes such items as the asset's location, condition, replacement value, acquisition method, and class code.

Sometimes assets are added to FAS directly. In general, assets are added directly to FAS in the following situations:

- There is no cash impact to the agency in the current year, For example, an asset is "found", which was purchased in another fiscal year but never recorded in FAS.

- The asset was expensed from a 5000 series subobject (operating expense) and meets the inventoriable requirements.

- The extracted hold file record from STARS was deleted from the FAS Hold File for re-entry into FAS. Examples of FAS direct-entry assets are donated assets, seized assets,

transferred assets, assets purchased involving trade-ins, escheat assets, or assets deleted from the FAS Hold File due to data entry errors.

TYPES OF INFORMATION IN FAS

FAS contains information for both real and personal property. FAS property records contain descriptive and financial information as defined below.

Descriptive information - The description of the asset, property type, insurance indicator, class code, acquisition method, asset status, ownership, location, responsible person, acquisition date, disposition date, asset condition, agency depreciation method, and useful life. Agencies may also track license number, odometer reading, and last inventory date.

Financial information - Book value, funding sources, salvage value, replacement value, acquisition amount, disposition amount, statewide and agency depreciation amounts, improvements, and adjustments.

TRANSACTION OVERVIEW

Transaction codes are used to record information in FAS for the following activities:

- **Acquisitions**: Record the addition of a new asset.

- **Adjustments**: Record a change in an asset's value, due to casualty loss or partial sale of the asset.

- **Dispositions**: Record the sale, loss, theft, donation, or trade of an asset.

- **Transfers**: Record the movement of an asset from one agency or fund to another agency or fund.

- **Mass Changes**: Record changes in agency suffix, class code, class code suffix, locations, responsible names, risk management bill code, and last inventory date.

- **Depreciation**: Record depreciation expense, usually at the end of each month. Agency depreciation may be calculated using the straight line, the double declining balance, or the sum of the years digits methods. Statewide depreciation is always calculated using the straight-line method.

- **Replacement Value**: Record the cost to replace the asset as of the replacement value date. Replacement value is adjusted either manually by individual record, or for multiple assets based on class codes.

SECURITY CONTROLS

FAS security is controlled by the use of fields in the STARS Security Table (Screen 96). Some of these security fields are to assist agencies with internal controls and some are to help maintain the integrity of the system. These fields include:

- Approval Level
- Operator Class
- Inquiry / Maintenance
- Data Entry
- Descriptor Tables
- Mass Updates (Mass Change and Replacement Revaluation)
- Prior Period Release
- Location 1

APPROVAL LEVEL

The Approval Level security field controls which transactions a user may enter and/or release, and is designed to assist agencies with the separation of duties and internal controls. This is managed at the transaction code level. You will need to consider your overall internal controls to determine the appropriate separation of duties for data entry and the release of fixed asset transactions. A user may release any transaction code with an approval level equal to or less than the user's approval level security. Generally, the following categories of transactions have the approval levels shown:

- Non-Financial Changes – level 2
- Acquisitions – level 3
- Dispositions – level 4
- Adjustments – level 7
- System Generated Transactions – level 8

The approval level controls a user's ability to release transactions and operator class identifies the transactions that the user can enter, so a user's overall security level is a combination of their approval level setting and their operator class setting.

OPERATOR CLASS

The Operator Classes controls which transactions a user may enter. Operator classes may include or exclude specific transaction code ranges, and are managed within FAS Descriptor Table 66 (FD66). The State Controller's Office (SCO) recommends that one person perform data entry of non-financial changes, acquisitions, and dispositions, with an approval level to release only non-financial changes and acquisitions and that a different person release disposition, change, and acquisition transactions.

INQUIRY / MAINTENANCE

The Inquiry / Maintenance security level allows a user to:

- View property file records through the FAS Inquiry / Maintenance (screen 40)

- Update property file records through the FAS Inquiry / Maintenance (screen 40)

DATA ENTRY

The Data Entry security level allows a user to:

- View hold file records through the FAS Hold File (S032) and FAS Data Entry Screens (S033 & S035)

- Input and Update hold file records through the FAS Data Entry Screens

DESCRIPTOR TABLE

The Descriptor Table security level allows a user to:

- View agency and statewide tables

- Add, Change, or Delete the following agency tables as indicated on the FAS Descriptor Table Security 98:
  01 - Agency Suffix
  03 - Class Code Suffix
  13 - Manufacturer Code
  19 - Location 1
  20 - Responsible Last Name
  21 - Risk Management Bill Code
  24 - Location 2

- Add, Change, or Delete statewide tables, as indicated on the FAS Descriptor Table Security 98

MASS UPDATES

The Mass Updates (Mass Change and Replacement Revaluation) security level allows users to:

- View table records data through the Replacement Revaluation Screen (37) or the Mass Change screen (41)

- Add, Change, or Delete agency tables for the mass change of non-financial data through the Replacement Revaluation Screen (37) or the Mass Change screen (41)

PRIOR PERIOD RELEASE

The Prior Period Release security level ("prior period" being the previous fiscal quarter) allows users to:

- View prior period transactions

- Release prior period transactions

LOCATION 1

The Location 1 – Statewide Building and Land Number security level allows users to:

- View Statewide Building numbers

- Add, Change, or Delete Statewide Building numbers